

amendment (Rept. No. 1469). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EBERHARTER:

H. R. 4829. A bill to credit for purposes of computing longevity pay of enlisted personnel of the armed forces certain wartime service in the armed forces of nations allied with the United States in the present war; to the Committee on Military Affairs.

By Mr. HEFFERNAN:

H. R. 4830. A bill to confer on the district courts of the United States jurisdiction of certain cases involving children; to the Committee on the Judiciary.

By Mr. LEMKE:

H. R. 4831. A bill to amend the World War Adjusted Compensation Act to provide adjusted compensation for provisional, probationary, and temporary officers; to the Committee on Ways and Means.

H. R. 4832. A bill providing for Congress to coin and issue money and regulate the value thereof by establishing the bank of the United States, owned, operated, and controlled by the Government of the United States; setting forth the scope and manner of the bank's operations; creating a board of control and defining the powers and duties of the board and other persons charged with the bank's management; and for other purposes; to the Committee on Banking and Currency.

By Mr. FLANNAGAN:

H. R. 4833. A bill to extend, for 2 additional years, the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar; to the Committee on Agriculture.

By Mr. MILLS:

H. R. 4834. A bill providing for the giving to vocational-education authorities within the States certain property of the National Youth Administration now being used by such authorities; to the Committee on Expenditures in the Executive Departments.

By Mr. SATTERFIELD:

H. R. 4835. A bill relating to the prosecution of claims arising out of the procurement of materials or supplies incident to the prosecution of the war; to the Committee on the Judiciary.

By Mr. HAGEN:

H. R. 4836. A bill to authorize a preliminary examination and survey of the following stream: Thief River, a branch of the Red Lake River, in the State of Minnesota, for flood control, for run-off and water-flow retardation, and soil-erosion prevention; to the Committee on Flood Control.

By Mr. EBERHARTER:

H. R. 4837. A bill to extend for an additional 2 years the suspension in part of the processing tax on coconut oil; to the Committee on Ways and Means.

By Mr. MYERS:

H. R. 4838. A bill to create a United States civil service board of appeals; to the Committee on the Civil Service.

By Mr. RANDOLPH:

H. R. 4839. A bill to exempt the Salvation Army from all taxation in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SUMNERS of Texas:

H. R. 4840. A bill to amend the First War Powers Act of 1941; to the Committee on the Judiciary.

By Mr. MAY:

H. R. 4841 (by request). A bill to amend the Selective Training and Service Act of 1940 by making it a criminal offense to possess unlawfully or to reproduce various certificates issued pursuant thereto; to the Committee on Military Affairs.

By Mr. SABATH:

H. J. Res. 285. A joint resolution to reduce the tax on admissions to cabarets, roof gardens, and similar entertainments; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FISH:

H. R. 4842. A bill for the relief of Joseph T. Kemmerer; to the Committee on Claims.

By Mr. GRANT of Alabama:

H. R. 4843. A bill for the relief of Lanford C. Cook; to the Committee on Claims.

By Mr. MCGREGOR:

H. R. 4844. A bill granting a pension to Roberta Thornton; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5706. By Mr. ANDREWS of New York: Resolution adopted by the Niagara Frontier Co-operative Milk Producers' Bargaining Agency, Inc., opposing any further subsidies; to the Committee on Banking and Currency.

5707. By Mr. CANFIELD: Resolution adopted by the governing body of the city of Clifton, N. J., the mayor and Board of Commissioners of Passaic, N. J., and the mayor and Council of the borough of Pompton Lakes, N. J., urging the passage of Senate bill 1737, a bill introduced by Senator HAWKES, of New Jersey, to provide for certain payments to States and their political subdivisions as compensation for loss of revenues occasioned by the acquisition of real property by the United States for military purposes; to the Committee on Military Affairs.

5708. By Mr. DONDERO: Resolution of Moms of America, Unit No. 3, of Birmingham, Mich., calling upon our Government to cooperate now with the other United Nations in setting up a United Nations council to proceed with the formation of the general international organization foreshadowed in the Moscow Declaration and the Connally resolution; to the Committee on Foreign Affairs.

5709. By Mr. LANE: Resolution adopted by City Council of Salem, Mass., to abolish or modify the 15 percent Little Steel formula for an adjustment of wages and salary; to the Committee on Labor.

SENATE

SATURDAY, MAY 20, 1944

(Legislative day of Tuesday, May 9, 1944)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Father of mankind, to whom all souls are precious, turning from the cruel passions which so sadly separate Thy warring children, grant us as we look to Thee in prayer a sense of oneness with all our fellows made in Thy image, and upon whom Thou hast also breathed the breath of life. We confess that often we make Thy love too narrow by false standards of our own. Across the foolish and futile barriers of pride and prejudice may we feel our kinship with all those who in hunger cry for daily bread, who in dark-

ness pray for light, who in chains groan for release. In this day of turmoil and terror, when the ax is laid at the root of the tree and the judge is at the gate, casting aside all desire for any advantage for ourselves that we do not seek for others, fit us to be Thy messengers of peace and hope to those who, now prostrate in the night of distress, wait for the morning of deliverance.

We ask it in the dear Redeemer's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Chief Clerk, John C. Crockett, read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., May 20, 1944.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. SCOTT W. LUCAS, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

CARTER GLASS,
President pro tempore.

Mr. LUCAS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. McKellar, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, May 19, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1771) authorizing appropriations for the United States Navy for additional ordnance manufacturing and production facilities, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1744. An act to provide Government protection to widows and children of deceased World War veterans; and

H. R. 4710. An act authorizing the acquisition and conversion or construction of certain landing craft and district craft for the United States Navy, and for other purposes.

SCHEDULE OF HEARINGS ON FLOOD-CONTROL BILL

Mr. OVERTON. Mr. President, I should like to have printed in the RECORD at this point a schedule of hearings to be held on the pending flood-control bill, H. R. 4485. The hearings will begin on Monday, May 29, 1944, and are scheduled to run through Wednesday, June 7.

I should like also to announce that the members of the subcommittee appointed by the Senator from North Carolina [Mr. BAILEY], chairman of the Commerce Committee, are the Senator from Louisiana [Mr. OVERTON], chairman; the Senator from Missouri [Mr. CLARK]; the Senator from Florida [Mr. PEPPER]; the Senator from New York [Mr. MEAD]; the Senator from Nevada [Mr. MCCARRAN]; the Senator from Michigan [Mr. VANDENBERG]; the Senator from Maine

[Mr. BREWSTER]; the Senator from Ohio [Mr. BURTON]; and the Senator from Oregon [Mr. CORDON].

There being no objection, the schedule of hearings was ordered to be printed in the RECORD, as follows:

**SCHEDULE OF HEARINGS ON FLOOD CONTROL BILL
H. R. 4485, BEGINNING MONDAY, MAY 29, 1944,
AT 10:30 A. M.**

The Subcommittee on Flood Control of the Senate Committee on Commerce will conduct hearings on the flood-control bill H. R. 4485.

1. Monday, May 29: General statement by Maj. Gen. Eugene Reybold, Chief of Engineers. Testimony on new projects along—

The Atlantic coastal area: Blackstone River, Mass. and R. I.; Roanoke River, Va.; Yadkin-Pee Dee River, N. C. and S. C.; Edisto River, S. C.; Savannah River, Ga.

Great Lakes area: Winoski River, Vt.; Genesee River, N. Y.

Ohio River Basin: Chestnut Creek, Va.; Kentucky River, Ky.; Rough River, Ky.; Yellow Creek, Middlesborough, Ky.; Turtle Creek, Pa.

Lower Mississippi River Basin: Red River, in the vicinity of Shreveport, La.; Ouachita River (Blakely Mountain Dam), Ark.

2. Wednesday, May 31: Testimony on new projects in the—

Upper Mississippi River Basin: Park River, N. Dak.; Pembina River and tributaries, North Dakota; Sheyenne River, N. Dak.; Des Moines River, Iowa; Chariton River, Iowa and Mo.

Great Salt Basin: Sevier River near Redmond, Utah.

Colorado River Basin: Bill Williams River, Ariz.

Pacific coastal area: Pajaro River, Calif.; Littlejohn Creek and Calaveras River stream group, California; Napa River, Calif.; Chehalis River, Wash.

Territorial possessions: Waimca, Hanapepe, Waialua and Hanalei Rivers and Kapaa Swamp, Island of Kauai, Territory of Hawaii.

Dr. Carleton Barnes and other representatives of the Department of Agriculture in the Yazoo River Basin, Miss.; Buffalo Creek Basin, N. Y.; and Santa Ynez River Basin, Calif.

3. Thursday and Friday, June 1-2: Projects in Connecticut River Basin and Sacramento-San Joaquin Valley, Calif.

4. Monday and Tuesday, June 5-6: S. 1519 (Senator McCLELLAN, Arkansas and White Basins), and S. 1812 (Senator CLARK, flood-control bill).

5. Wednesday, June 7: Missouri River Basin.

PETITION

The ACTING PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition from Millmen's Union Local No. 2020, of San Diego, Calif., praying that the O. P. A. be extended for an additional 2-year period and that an O. P. A. regulation be adopted in connection with the subsidy program for the grading of all commodities so that customers may know exactly the quality and quantity they are receiving, through a grade-labeling procedure, which was referred to the Committee on Banking and Currency.

**ST. LAWRENCE SEAWAY—RESOLUTIONS
FROM MICHIGAN**

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred three resolutions, one from the Manufacturers Committee of the Traverse City Chamber of Commerce, one from the city of Wyandotte, and one from the city of Monroe, all in the State of Michigan. The people of Michigan are

greatly interested in the St. Lawrence waterway project, and these resolutions request immediate action upon that matter, which is now before the Senate.

There being no objection, the resolutions were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

**RESOLUTIONS ON ST. LAWRENCE SEAWAY AND
POWER PROJECT**

Whereas the State of Michigan by its State legislature has on various occasions during the past 20 years advocated the construction of a deep-water channel connecting the upper Great Lakes with the Atlantic Ocean via the St. Lawrence River, so as to permit deep-draft navigation into the interior of the continent; and

Whereas Michigan Great Lakes Tidewater Commission, a State body, is charged by statute with furthering the interests of this project and has requested the cooperation of Traverse City manufacturers in presenting this matter to Congress; and

Whereas from our review of the facts surrounding this project it would appear that substantial benefits would accrue to the Grand Traverse Bay region and particularly its manufacturing industry on the completion of the project, particularly the navigation phase thereof; and

Whereas there is now pending in the Congress of the United States a bill introduced by Senator AIKEN (S. 1385) providing for approval of a treaty with Canada covering said project and authorizing construction: Now, therefore, be it

Resolved, That the Traverse City manufacturers hereby endorse and approve the general purposes of the Aiken bill and urge upon our Representatives in Congress to give this measure their support so as to insure the early completion of the St. Lawrence seaway.

I. L. GARTHE,

*Chairman, Manufacturers Committee of
the Traverse City Chamber of
Commerce.*

Dated May 3, 1944, at Traverse City, Mich.

WYANDOTTE, MICH., May 9, 1944.

*Resolved by the City Council of the City of
Wyandotte:*

Whereas it has come to the attention of this council that hearings will be held in May on the St. Lawrence waterways and power projects before the Senate Commerce Subcommittee; and

Whereas this council has always been vitally interested in and in favor of this project: Now be it further

Resolved, That this council does now petition, through their duly elected representatives, Senators ARTHUR VANDENBERG, HOMER FERGUSON, and Congressman JOHN LESINSKI, that they, in their official capacities, do everything possible to facilitate these projects. Also that copies of this resolution be forwarded to Senators VANDENBERG and FERGUSON, Representative LESINSKI, and the Senate subcommittee mentioned above.

Whereas this commission did on March 24, 1941, adopt a resolution favoring the immediate construction of the Great Lakes-St. Lawrence seaway project; and

Whereas it is the opinion of this commission that the deepening of the channel in the St. Lawrence River will enable us to make our full contribution to the needs of our Nation and to participate in the post-war program of world rehabilitation and stabilization: Therefore be it

Resolved by the Monroe City Commission, That we do formally and respectfully request the Legislature of the State of Michigan to memorialize the Congress of the United States of America to enact legislation ena-

bling completion of the Great Lakes-St. Lawrence seaway by removing existing barriers; and be it further

Resolved, That a formally attested copy of this resolution be sent to the Governor of the State of Michigan, the Senators and Representatives from Michigan in our National Congress, to the senators and representatives in our Michigan Legislature.

**REPORT OF COMMITTEE ON
APPROPRIATIONS**

Mr. HAYDEN, from the Committee on Appropriations, to which was referred the bill (H. R. 4679) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1945, and for other purposes, reported it with amendments and submitted a report (No. 899) thereon.

BILL INTRODUCED

Mr. BILBO (for himself and Mr. BURTON), by unanimous consent, introduced a bill (S. 1941) to amend the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended, which was read twice by its title and referred to the Committee on the District of Columbia.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred, as indicated:

H. R. 1744. An act to provide Government protection to widows and children of deceased World War veterans; to the Committee on Finance.

H. R. 4710. An act authorizing the acquisition and conversion or construction of certain landing craft and district craft for the United States Navy, and for other purposes; to the Committee on Naval Affairs.

**PAY READJUSTMENT ACT OF 1942—VOTE
IN THE HOUSE OF REPRESENTATIVES**

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD the vote in the House of Representatives on Wednesday, May 13, 1942, on the pay readjustment bill of 1942, which appears in the Appendix.]

FARM-PRICE AND FARM-INCOME SITUATION—LETTER FROM HERMAN HURST

[Mr. REED asked and obtained leave to have printed in the RECORD a letter dated May 11, 1944, from Mr. Herman Hurst, of Oswego, Kans., on the farm price and farm income situation, which appears in the Appendix.]

INDEPENDENT OFFICES APPROPRIATIONS—TENNESSEE VALLEY AUTHORITY

Mr. McKELLAR. Mr. President, as Senators know, the independent offices appropriation bill is in conference. It is hoped there will be a conference on the bill next Wednesday. In view of that situation, I have prepared a brief outline of the contentions which I propose to make before that committee insofar as the amendment of the Senate regarding the Tennessee Valley Authority is concerned. I desire to discuss that matter very briefly this morning, and I will say to the Senator from Georgia that I shall take very little time.

Mr. President, the item I have particularly in mind is the Senate amendment requiring Lillenthal to pay his receipts into the general fund of the Treasury like all other institutions, and to get his appropriations from the Congress.

I wish to make the following observations:

To build an institution like the Tennessee Valley Authority costing nearly a billion dollars paid for by the taxpayers and then turn the entire plant, which is a money-making plant, over to Lillenthal to be run as he personally thinks it should be run would amount to one of the most unique performances that the Congress of the United States has ever indulged in. It would be contrary to law, contrary to the act creating the Tennessee Valley Authority and contrary to every principle and policy of Government which the American people hold dear.

Lillenthal has written a book in which he advocates that the Government turn over to him the Tennessee Valley Authority to be run at what he calls the "grass roots," borrowing this term from the Vice President, who, I believe, claims to be its originator. Vice President WALLACE gives his approval to Lillenthal's book, saying, "Of all the books I have read during the past 12 months Lillenthal's on T. V. A. is to me the most exciting."

This "grass roots" policy is not only advocated by Lillenthal but he is endeavoring to put it into practice in more ways than one. In the first place, he absolutely is the T. V. A., the other two members doing whatever he tells them. In the next place, he has secured from the Congress once, and maybe twice, heretofore, the use of his receipts for a portion of his expenditures and this time he has secured from the House again the right to spend them without regard to the Congress.

In addition to that, I call the particular attention of the Senate to this part of it: On November 21, 1941, he secured the passage of an act which takes away the jurisdiction of the General Accounting Office to pass effectively upon his accounts because any exception that the General Accounting Office may make this act gives him the right to disapprove. How this act got through is a mystery. When it was brought to my attention a day or two ago I thought I had not known about it before and publicly so stated. I find, however, that it was called to my attention once before. However, Lillenthal had the proviso adopted; he knew then and has known since exactly what it meant and yet I quote from his testimony of February 24, 1944, when he said—audit of T. V. A. accounts, hearings, page 387:

Senator McKELLAR. Did the General Accounting Office examine your books this year?

Mr. LILIENTHAL. Yes; they have been continuously auditing our books and accounts.

Senator McKELLAR. Well, when did they begin?

Mr. LILIENTHAL. It is a continuous process. Let me ask Mr. Clapp for the dates.

Senator McKELLAR. When did they begin auditing, what year?

Mr. LILIENTHAL. The auditing began in 1934 and it has been continuous ever since.

Senator McKELLAR. It has been continuous ever since?

Mr. LILIENTHAL. Yes.

Now, Senators, let me call attention to the fact that for the first 6 or 7 years Mr.

Lillenthal took the position that the General Accounting Office had no right to examine his accounts at all. Finally he obtained an opinion from Attorney General Jackson in 1939 and 1940 to the effect that under the law the General Accounting Office had no right to audit his accounts. Thereupon Mr. MAY, of Kentucky, introduced in the House of Representatives a bill giving the General Accounting Office the right to audit the T. V. A. accounts. During the course of the consideration of the bill in the House of Representatives Mr. Lillenthal was able to have adopted an amendment which, while it gave the General Accounting Office authority to audit the accounts, specifically provided as follows:

[Public Law 306—77th Cong.; ch. 485—1st sess.; H. R. 4961]

An act to amend section 9 (b) of the Tennessee Valley Authority Act, as amended by section 14 of the act of August 31, 1935

Be it enacted, etc., That section 9 (b) of the original Tennessee Valley Authority Act, as amended by section 14 of the act of August 31, 1935 (49 Stat. 1080), be, and the same is hereby, further amended by adding at the end thereof the following: "Nothing in this act shall be construed to relieve the treasurer or other accountable officers or employees of the corporation from compliance with the provisions of existing law requiring the rendition of accounts for adjustment and settlement pursuant to section 236, Revised Statutes, as amended by section 305 of the Budget and Accounting Act, 1921 (42 Stat. 24), and accounts for all receipts and disbursements by or for the corporation shall be rendered accordingly."

Then came this proviso:

Provided, That subject only to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the Corporation is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the final settlement of all claims and litigation by or against the Corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasurer or other accountable officer or employee of the Corporation, shall not disallow credit for, nor withhold funds because of any expenditure which the board shall determine to have been necessary to carry out the provisions of said act.

"The Corporation shall determine its own system of administrative accounts and the forms and contents of its contracts and other business documents except as otherwise provided in the Tennessee Valley Authority Act of 1933, as amended."

Approved, November 21, 1941.

Mr. President, the statement from Lillenthal which I have just read, in which he said the General Accounting Office had authority to examine his accounts, is a half truth and a half falsehood. It is rather a fancy half truth and half falsehood, at that. It is a half truth in this respect, that the General Accounting Office has examined the accounts every year, but they have no authority to correct any account, and Lillenthal knew that when he was testifying. It merely shows what a fancy falsifier this man Lillenthal is. I still think that, next to Drew Pearson, he is the greatest falsifier in the country.

Now, Mr. President, if there are any Senators in the Chamber who are interested in the farmers, I hope they will listen to what I am about to say. While claiming in his book to be doing great things for the farmers of his area—and the area consists of the States of Kentucky, Tennessee, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, and Arkansas—Lillenthal is charging the farmers of those States from \$6 to \$9 a ton more for fertilizers than the price at which farmers of the remainder of the United States can buy such fertilizers. In view of the provision of the T. V. A. Act requiring him to cheapen fertilizers for the farmers, this, in my judgment, is simply stealing from the farmers of that area. I know Senators do not think the farmers of that area ought to be exploited, defrauded, or stolen from in that way. Through a member of the War Food Administration, Mr. Groggins, who had the matter up with the Tennessee Valley Authority, I was told that now, since the fertilizers have all been sold to the farmers, he thought that probably Lillenthal would be willing to reduce the price by \$5 a ton by June 1, thereby admitting the fraud Lillenthal had just perpetrated upon the farmers of that area.

Not only that, but Lillenthal has established at Florence, Ala., what he calls a cooperative selling agency, which gets \$6 a ton for all fertilizers sold by the T. V. A., where we have the most perfect example of a Government trust. First, there is the area restriction, and second, no other fertilizer company can sell in that area except the surplus material made by four war plants, and the fixing of prices by the T. V. A., and the absolute control of the supply of fertilizers to the farmers. It is true that the remainder of the farmers of America, excepting those in the nine States named, can get fertilizers very much cheaper, and they do get them very much cheaper, but that means nothing to Lillenthal. He is applying the "grass roots" method. He is "helping the farmers," and while he is doing this to the great body of farmers in those States, he is giving away to well-to-do farmers selected, under his direction, about \$2,000,000 worth of fertilizers a year. No wonder he speaks of the T. V. A. as an empire. It was his friend and agent and defender, Drew Pearson, who said that I was trying to get Lillenthal's empire away from him. I have no desire for any empire. My only desire is to have the Tennessee Valley Authority honestly and efficiently conducted under the direction of the Congress of the United States, which created it.

Lillenthal is selling current cheaper to the Aluminum Co. of America than the price at which he is selling it to the Reynolds Metals Co., which is also an aluminum company, under a 20-year contract. The difference in prices in the 20-year contract is something like \$7,000,000. I refer to the hearings on the 1945 bill, page 368 and following. In the matter of this difference Lillenthal was caught in a direct falsehood. The T. V. A. Act also requires that customers of the same grade be sold current at equal prices. He

has violated the act, and then falsified about it.

Again Lillenthal undertook to mislead the Congress when he reported last July that he had paid into the Treasury of the United States \$13,148,000. I refer to the hearings, pages 366, 521, and 522. He has not paid a thin dime into the Treasury of the United States, and was falsifying about that, just as he falsified about the examinations by the General Accounting Office, except that this is worse.

When any governmental agent seeks surreptitiously or openly to keep his accounts from being examined, it is absolutely certain to be in the Government's interest to have them examined. The facts are that the General Accounting Office has disallowed or taken exception to millions of dollars of Lillenthal's expenditures, and yet not a dollar has been changed, due at first to Lillenthal's dilatory tactics, and, second, to the act which he surreptitiously got passed by the two Houses of Congress in 1941.

Again, I have had the T. V. A. Act examined to ascertain whether or not Lillenthal has the right to make investments in stocks and bonds, and I am informed that there is no such right conferred. Yet, I find from the General Accounting Office report, which was disregarded by Lillenthal, that he has bought railroad bonds in the sum of \$349,179.19; public utilities bonds in the amount of \$1,501,828.87; industrial bonds in the amount of \$162,531.59—or a total of \$2,013,539.69. It is not disclosed what kind of bonds they are, what railroad bonds were bought, what utility bonds were bought, or what industrial bonds were bought.

But I ask, why should Lillenthal be investing the Government's money in such bonds at a time when the Government is straining every nerve to sell its own bonds to carry on this war? When did we create Lillenthal the over-lord of the Government to do as he pleases? It is true that he also bought \$1,372,506.27 worth of United States Government bonds. I doubt if he should have done that. What he should have done was to have paid the money into the Treasury of the United States, where it belongs, and the Government would not have been obliged to sell that amount of bonds with interest.

But that is not all he did. He has not only gone into the bond business, but he has gone into the stock business. He has bought public utilities preferred stocks in the amount of \$188,126.50; and industrial preferred stocks in the amount of \$482,629.26—or a total of \$670,755.76. He did this without authority of the Congress, without conferring with anybody, apparently. The transactions just appear in his accounts, as shown by the General Accounting Office. Why should this arm of the Government be allowed to go into the industrial and utilities-stocks business at this time, when the Government needs all the money it can lay its hands on for the prosecution of this war? No one knows what stocks and bonds these are. Is it possible that the Congress will stand for this method of operating the stock and bond business by

Lillenthal, acting for the T. V. A.? I do not believe it will.

I wish to call attention also to the fact that all these stocks and bonds, amounting to \$4,018,145.01, are held by City Bank Farmers Trust Co. I do not even know where this trust company is. I doubt if any Member of the Congress does, unless it be the Representative or Senator from the particular place where it is located.

TRUST AGREEMENTS WITH POWER COMPANIES

It was shown in the hearings that Lillenthal has trust agreements with the Alabama Power Co., the Georgia Power Co., the Louisville Power Co., the Commonwealth & Southern, the South Carolina Power Co., and the Duke Power Co.—hearings, page 381. He also has agreements with other surrounding power companies. These agreements are violative of the antitrust law. I quote from one dated December 18, 1939, with amendment of May 7, 1940, as follows:

The Authority represents and agrees that in conformity with its general policy it will not, after the closing date hereunder, solicit any municipality, cooperative, or public agency to purchase electric energy from it for resale in, and will not sell to any ultimate consumer of electric energy located within, the respective areas of the retained properties (Annual Report, T. V. A., 1940, p. 314).

In other words, here is an agreement to violate the antitrust laws of the United States, beginning with the Sherman law of 1890, through the Clayton Act of 1913, and various other antitrust laws.

The making of such a contract is not only not authorized by the T. V. A. Act but the contract is specifically condemned in the Monopolies and Combinations in Trade Act, as follows:

Every contract, combination in the form of trust, or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding \$5,000 or by imprisonment not exceeding 1 year, or by both said punishments, in the discretion of the court (U. S. C., title 15, sec. 1).

This act has been amended a number of times and made stronger, and it provides for the liability of the director and agents of the corporation—section 24, title 15, United States Code.

In the case of the *United States v. Southern Pacific Co.* (259 U. S. 214) it was held that the consolidation of several corporations into one constitutes an unlawful combination under the Federal Antitrust Act.

While these corporations have not been consolidated into one, there has been a division of territory in which one sells and the other agrees not to sell, and this in itself is in restraint of trade and defeats the very purpose of the T. V. A. Act to the extent that it holds up prices of the private power companies.

Lillenthal has not only clearly violated the Antitrust Act but has made himself personally liable under the terms thereof by his agreement, and it will be noted

that the agreement is stated to be a policy of the Authority to divide up territory among the various parties to the agreement. For this alone, in my judgment, the President should dismiss Lillenthal, and if he does not do it, steps should be taken in the House to impeach Lillenthal for violating the antitrust laws of the United States.

Last Friday, when I made the statement in the Senate that Lillenthal was selling fertilizers from \$6 to \$9 a ton higher to the nine States in his area I am told that he gave out the statement that this was caused by Canadian subsidies to her fertilizer manufacturers. Thereupon I made inquiry of the Library of Congress to furnish me the facts. The question I asked was:

Does Canada give a subsidy to manufacturers of nitrate for fertilizer?

The answer was:

No evidence of such subsidies has been found.

And there occurs the further explanation that Canada is subsidizing imports of fertilizer into Canada instead of dumping fertilizer into this country. Of course, Canada does sell a great deal of fertilizer in the United States at from \$6 to \$9 a ton less than it is sold in the district presided over by the T. V. A., which is Mr. Lillenthal.

The answer from the Library of Congress continues:

However, certain subsidies are paid to cover increased transportation costs and imports of fertilizer. A study prepared in November 1943 gives the following information on these fertilizer subsidies:

"Fertilizer subventions are paid to compensate for increased transportation costs in order to increase use with a view to increasing production of vital wartime crops, such as grain and feeds, as well as to keep down farm-production costs.

"As a result of a wartime shortage of commercial supplies of protein for feeds, it was desirable to encourage increased production of clover, alfalfa, and other legume crops, which constitute principal sources of home-grown proteins. Since legume crops require liming of the soil, special Dominion payments to provincial governments were authorized to cover transportation costs, assist in the establishment or operation of lime plants, and reduce costs of lime to farmers.

"It is estimated that the subsidy on imported chemicals for fertilizer purposes will amount to \$2,400,000 during 1943-44." (Source: U. S. Office of Price Administration. The payment of subsidies under the Canadian price ceiling. Foreign Information Series No. 25, November 1943, p. 25.)

We have checked this information with representatives of the Canadian Embassy and the Canadian Wartime Prices and Trade Board. A representative of the Canadian Department of Agriculture at the Canadian Embassy is ascertaining whether any further nitrate subsidies have been introduced and is to notify us if so. In such case we shall, of course, immediately transmit such information to you.

My second question was:

How much fertilizer does Canada export to the United States a year—for the last year?

To which the Library of Congress answered:

The latest year for which foreign-trade statistics are publicly available is 1941. In

that year Canada exported to the United States \$8,527,057 worth of fertilizer. You may obtain 1943 data on a confidential basis by calling Mr. J. Edward Ely, Chief, Foreign Trade Division, Bureau of the Census, Trinidad 3000, extension 431.

HIS ASSOCIATE CALLED LILIENTHAL CROOKED

Mr. President, I desire to call the attention of the conferees on the independent offices appropriation bill and of the Senate to very remarkable testimony which is quoted in a report. Dr. A. E. Morgan not once but many times during the time he served on the board with Lilienthal called Lilienthal crooked, and in my judgment he proved that he was crooked. The facts as brought out by a Senate investigating committee show that he was crooked. I quote from pages 30 and 31 of that record:

The New York Times on March 4, 1938, carried a statement, made public by Dr. Morgan on the previous day, in which he attacked his associates for their conduct of the marble claims.

We have all heard of the marble claims.

The report continues:

He stated his responsibility—to fight for certain deficiencies and proprieties in public life which are more important to good government than any particular Government program. The marble case presents an instance of this difficulty.

After detailing his points of disagreement with other directors, Dr. Morgan went on to generalize:

"To a steadily increasing degree I have contended with an attitude of conspiracy, secretiveness, and bureaucratic manipulation . . . the public has been steadily, and I believe purposely, led to believe that the difficulties within the Tennessee Valley Authority have been due primarily to differences as to power policy or to just another 'family quarrel.' The real difficulty has been in the effort to secure honesty, openness, decency, and fairness in government."

I digress long enough to say that I can understand how Dr. A. E. Morgan, being an honest man, would make that statement, because Senators will recall that all during the fight this same secretive, oily, eely kind of a man has tried to make it appear to the public that it is a personal grudge between him and me. My heavens, I have no personal grudge against the man. The only "grudge" I have against him is that he is dishonest and corrupt in his manner of handling the Government's business, and if that is a grudge, then I have a grudge against any official of the Government who is dishonest and corrupt and who operates a Government activity in a dishonest and corrupt way.

I continue to read from the report:

Two days later the New York Times printed a copy of a letter from Dr. Morgan to Representative Maury Maverick, of Texas, containing further strong expressions.

There is a practice of evasion, intrigue, and sharp strategy, with remarkable skill in alibi and the habit of avoiding direct responsibility, which makes Machiavelli seem open and candid . . . and man to man directness was a mask for hard-boiled, selfish intrigue.

It will be remembered by everyone that it was after this hard-boiled, selfish intrigue that Lilienthal finally got

rid of Dr. Arthur E. Morgan from the T. V. A.

The report continues:

He continued:

"The marble claims, in my opinion, were an effort at deliberate, barefaced steal. . . . The public and the Congress do not yet know the extent to which that was improperly handled."

I read further from the report:

He suggested a congressional investigation "that the situation be cleaned up and that standards of openness, fairness, and honesty shall prevail. It would be pleasanter," he continued, "to resign; but that would be to surrender the chance to make some contribution to decency and effectiveness in government."

These are strong words, interpreted by everyone as a charge by Dr. Morgan that there was dishonesty in the Authority. The President characterized the remarks as follows:

"Arthur E. Morgan made extensive and unequivocal charges of dishonesty and lack of integrity in public office on the part of the majority members—again in the public press—and again without specifications or evidence."

Congressman Maverick said:

He sent me these charges about the crookedness and dishonesty of the other directors, but never at any time has he given me any proof.

Senator VANDENBERG said:

It is impossible to turn aside . . . the charge of . . . Dr. Arthur E. Morgan . . . about lack of honesty in the expenditures of a half a billion dollars.

Former Senator Norris said—and I call especial attention to his statement, inasmuch as he seems to have changed his mind very recently—

People generally have an idea . . . that when these claimants and Mr. Lilienthal and the other Morgan were about to rob the Government of millions of dollars, Dr. Morgan stepped in and called a halt and saved the day.

Those are Senator Norris' words, not mine.

The report continues, as follows:

The newspapers voiced the same conclusion. The Chicago Journal of Commerce, for example, stated:

Bluntly, Dr. Morgan charged that only his intervention had prevented the consummation of an agreement whereby his two colleagues would have permitted the marble claimant to "exploit," "hold up," and "defraud" the Government.

This was repeated verbatim in the New York Herald Tribune.

SENATOR NORRIS' OPINION

I want to call the especial attention of Senators to the above statement by former Senator Norris, of Nebraska, inasmuch as he has injected himself into this controversy. I quote his words:

People generally have an idea that when these claimants and Mr. Lilienthal and the other Morgan were about to rob the Government of millions of dollars, Dr. Morgan stepped in and called a halt and saved the day.

In those days a fight was on between Dr. A. E. Morgan and Lilienthal for control of the Tennessee Valley Authority. Senator Norris took the side of Dr. A. E. Morgan. It was alleged openly that Lilienthal had made a deal with Dr. H.

A. Morgan by which they would pay to the marble claimants more than a million dollars for claims that had cost the claimants a few hundred dollars. At that time Senator Norris was denouncing Lilienthal for attempted robbery of the Government.

SAVE T. V. A.

Mr. President, in conclusion I wish to say that Congress must save the Tennessee Valley Authority. It is a billion-dollar corporation. It has a billion dollars worth of good assets—a billion dollars worth that, if properly managed, would bring the Government a good return on every dollar that is placed in the Authority, and would allow it to reduce the rates for both electricity and fertilizer to the people. Those were the two prime purposes of T. V. A.

Under Lilienthal, neither of those purposes is being given a thought. He is making agreements with private power companies to divide the territory in which each can operate, thereby raising the price of electricity to those who have not T. V. A.; and he is raising the price of fertilizers by dividing the territory again. He is inordinately raising the price of fertilizers to the T. V. A. territory.

Mr. President, I see sitting before me one of the best friends I ever had in my life. We have been friends since we were boys. He is one of the best friends the farmers have had in this body. I try to follow him on matters relating to the farmers and their interests. This man Lilienthal is selling fertilizer to the farmers of Alabama at prices which are from \$6 to \$9 a ton more than the prices at which they could purchase it elsewhere. I am wondering whether my friend, this good friend of the farmers, is going to stay with Lilienthal or stay with the farmers. In my judgment, he will stay with the farmers, just as he has always stayed with them. I do not believe he will allow any man, whoever he may be, to abuse the farmers by charging unholy and improper prices for materials furnished to them.

Mr. BANKHEAD. Mr. President, I appreciate the force of what the Senator has said about me. It brings to my mind my friendship with the farmers. I am following with a great deal of interest the Senator's statements about Mr. Lilienthal on the fertilizer question. I think it is fair to give Mr. Lilienthal an opportunity to make an explanation; but I know the Senator realizes that if there is any conflict between Mr. Lilienthal and the farmers, I will be found on the side of the farmers.

Mr. MCKELLAR. Mr. President, I am glad to have that statement from the Senator from Alabama.

Let me say a further word. Lilienthal has sneaked in amendments by which his accounts cannot be examined by the General Accounting Office. He is buying what he pleases. He is selling what he pleases, as he pleases. He thinks he has a personal empire down there that he can run as he pleases. This empire idea was first given out by Lilienthal through his probably paid lobbyist and columnist, Drew Pearson. It is perfectly apparent

from Pearson's article that he got the word "empire" from Lillenthal. No doubt what Lillenthal wants to do is to establish not an empire but a kingdom. He apparently wants to be King David the Second. He is spending the Government's money recklessly—dealing in all kinds of matters in which he is not permitted to deal, according to the law under which the T. V. A. has been established. He is buying phosphate properties. He is undertaking to build phosphate mills outside his territory. He is extending his kingdom in every way he can. He is bound up with the private power companies in a trust which ought not to be permitted. He is playing favorites everywhere. He is falsifying about what he is doing, as in the case of his claim of supplying cheaper fertilizers to the farmers of that area, when he is raising the price of their fertilizers by illegal means.

The Congress must save the Tennessee Valley Authority from Lillenthal. It is too valuable an institution to be trifled with. Properly conducted, it can be and will be of untold benefit to the people of the whole T. V. A. area. In the hands of a crook like Lillenthal, it is destined to fail of its high purposes. I urge the retention of the amendment requiring all T. V. A. receipts to be paid into the Treasury, and let the Congress make all necessary appropriations for the Authority. Also, we must give the General Accounting Office entire and complete jurisdiction over the accounts of this organization. In the next place, we must reduce the price of fertilizers to the nine States included in that area. We must not let this little oily, eely sycophant and trickster continue longer at the head of the Tennessee Valley Authority. If the President will not discharge Lillenthal, then as I have said before, the House should impeach him.

Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, the documents which show the extent to which the T. V. A. overruled, without any exception, the findings of the General Accounting Office.

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

MAY 19, 1943.

GENERAL ACCOUNTING OFFICE
NOTICE OF EXCEPTION

To: H. K. Robinson.

Certifying officer: A. J. Robertson.

Department or Bureau: Tennessee Valley Authority.

Appropriation: Tennessee Valley Authority Fund, 1940.

D. O. Voucher No. 41-24148.

Bureau Voucher No. K-9-740.

Period: September 1940.

Activity: Knoxville, Tenn.

Credit for \$15,955 paid to S. Frank Fowler will be withheld or a charge will be raised in your next statement of settlement for the reason stated below unless a satisfactory explanation is promptly made or the amount deposited:

TV 44989: Contract dated September 18, 1939, was approved by the board of directors of the Authority October 6, 1939, and provided that the payee receive \$45 per day for services rendered for 1 year from date of contract except the services in connection with the

Southern Power Co.'s case and that the general counsel of the Authority should fix the compensation for services rendered in connection with this case upon its completion. The general counsel of the Authority fixed the salary of the payee for services rendered in connection with the Southern Power Co.'s case at a lump sum of \$25,000, but as 201 days of the total approximate 230 days' service rendered in connection with this case were performed prior to the date of above-cited contract under the provisions of prior annual contracts with payee for legal services at the rate of \$45 per day, it was agreed that the lump sum fee (\$25,000) would be reduced by \$9,045 (201 days at \$45) which had been received by the payee leaving a balance of \$15,955 paid him for the approximate 29 days' service rendered under this contract. The authority for the board of directors to delegate the right to fix the contract attorney's compensation and their authority to approve a contract providing for an indefinite amount to be paid in view of the facts stated above have not been furnished.

LINDSAY C. WARREN,
Comptroller General of the United States.

REPLY TO EXCEPTION

See attached copy of Notice of Board Action, Reference No. 550-7.

I certify the foregoing explanation to be true and correct to the best of my knowledge and belief.

NEWTON B. DICKS,
Authorized Certifying Officer.
MARCH 23, 1944.

TENNESSEE VALLEY AUTHORITY—NOTICE OF ACTION TAKEN BY THE BOARD OF DIRECTORS

To: Mr. E. A. Sunstrom, comptroller.

From: Leona LeRoy, assistant secretary.

Date: March 18, 1944.

Subject: G. A. O. exception to payment to S. Frank Fowler, consultant.

The following entry appears in the minutes of a meeting held by the board of directors on March 10, 1944:

"The following resolution was adopted by the board:

"Whereas the board of directors, on October 6, 1939, approved a contract between the Authority and S. Frank Fowler, of Knoxville, Tenn., which provided that the Authority would pay the sum of \$45 per day as compensation for general consulting and advisory services rendered by said Fowler in connection with the legal work of the Authority, and further provided that the general counsel of the Authority was authorized to agree with the said Fowler upon a lump-sum fee to be paid to him as compensation for his work in representing the Authority before the condemnation commission and the statutory three-judge court in the case of *United States of America ex rel. Tennessee Valley Authority v. Southern States Power Company*; and

"Whereas pursuant to said contract and board authorization, the general counsel agreed upon a lump-sum fee of \$15,955 to be paid in compensation for the legal services rendered in the above-styled cause, and

"Whereas said payment was made on voucher No. 41-24148, and

"Whereas the General Accounting Office has now taken exception to said payment on the ground that the agreement was not correctly authorized: Therefore be it

"Resolved, That the board of directors hereby finds and determines that the contract approved October 6, 1939, was necessary to carry out the provisions of the Tennessee Valley Authority Act."

The following entry appears in the minutes of a meeting held by the board of directors on March 10, 1944:

"Further resolved, That the board of directors hereby finds and determines that the payment made under said contract and under the supplementary agreement made pursuant

to it by the general counsel represented proper compensation for services actually rendered to the Authority and was necessary to carry out the provisions of the act."

PABST POST-WAR EMPLOYMENT AWARDS

Mr. WILEY. Mr. President, while the thoughts of everyone today are naturally on winning the war, it is not too early to begin thinking of the post-war period and world reconstruction. It is most heartening to find agencies of Government, business groups, labor, individual business and industrial concerns, and educational institutions looking ahead to the day when the war shall be over and when we shall have to do the job of reconstruction.

Mr. President, an inspiring example of this public consciousness has been furnished by the Pabst Brewing Co., in my own State of Wisconsin. In observance of its one hundredth anniversary, the Pabst post-war employment awards were established last December. A total of \$50,000 in awards was announced for the 17 most effective plans for post-war employment. I might point out here that Clarence Dykstra, president of the University of Wisconsin, was one of the judges.

The competition was Nation-wide. It drew 35,767 entries from American citizens in all parts of the United States and abroad, the largest number ever entered in a competition of this type—13,000 more than competed for the Bok peace prize. The 17 winners in this contest were announced in New York on Wednesday, May 17.

It is interesting to note that 10 of the 17 winners were from Washington.

Of the two capital awards, the first of \$25,000 went to Herbert Stein, of Washington, 28-year-old Chief of the Economic Analysis Section of the War Production Board, and the second capital award of \$10,000 went to Leon H. Keyserling, general counsel, National Housing Agency, also of Washington.

With the idea that the thoughts expressed in the winning award will be of great interest to Members of Congress and the country at large, I ask unanimous consent that this first-award essay be inserted in the CONGRESSIONAL RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

THE \$25,000 FIRST PRIZE WINNING PLAN OF THE
PABST POST-WAR EMPLOYMENT AWARDS—
A PLAN FOR POST-WAR EMPLOYMENT

The establishment of a high, stable level of employment after the war will require maintenance of output at a level much in excess of any level attained in peacetime—perhaps 40 percent above the 1939 level. There are two basic methods by which a high level of national output may be attained. One requires a high level of Government spending. The operation of this method is visible during the war when national output reached record levels under the impetus of a huge volume of Government spending. The second method requires stimulation of a high level of private expenditure. The plan set forth here proposes measures for solving the employment problem by this method. This method is chosen as the only one consistent with the achievement of other national objectives—political democracy, personal liberty, and efficient satisfaction of

wants. While recognizing the effectiveness of controlled Government spending as an instrument of economic stabilization, the plan recommends a number of more fundamental policies and would minimize the amount of public spending necessary for this purpose.

Specific policies are proposed below to provide stable full employment by:

1. Removing some of the basic uncertainties which repress the general level of private expenditure and particularly private capital expenditure.

2. Removing the powerful factors which discriminate against the assumption of risk.

3. Counteracting some of the fluctuations in private capital expenditures.

4. Preventing such fluctuations from exerting a cumulative effect upon the economy.

Consideration must first be given to the transition from war to peace, which will fundamentally influence the possibility of attaining stability in the longer run. It must be demonstrated in this transition period that the economy can provide full employment in peacetime and, that the political atmosphere will be conducive to the functioning of private, competitive enterprise. Such a demonstration would create the necessary psychological foundation for the maintenance of stable, high-level private business activity and employment in the future.

The transition period will begin with any substantial decline in munitions production, presumably following the defeat of Germany. The initial danger of unemployment during this period will not be in the inadequacy of total demand. The demands of the Government, of producers, of consumers, and of foreign purchasers will be very large. Unemployment will be threatened by the difficulty of making the economic rearrangements necessary for a major change in the character of production. For example, although there will be a great demand for refrigerators, producers of refrigerators may be unable to hire workers because their remaining munitions work prevents freeing one complete assembly line, or because their ordinary suppliers of refrigerator components are tied up with war work, or because potential suppliers of a few special-purpose machine tools are otherwise engaged, or because the producers do not have sufficient liquid funds to make necessary plant alterations. Subject to the continuing needs of war production, the following policies should be followed in the transition:

A. Policies to prevent bottleneck unemployment.

1. Cuts in the munitions production schedules of any contractor should be either small enough to be absorbed by a reduction in working hours or large enough to release an entire plant or other complete productive unit. Cuts which will force the discharge of workers without releasing usable productive facilities should be avoided.

2. Cuts should be made simultaneously in the finished munitions schedules of plants which in peacetime made final assemblies, components and machinery, to prevent the emergence of bottlenecks in the production process.

3. Cuts should be made first in the munitions schedules of plants situated in tight labor areas. This will assist in the completion of the remaining military program. Also, an unusually large proportion of the workers in such areas will be women, the aged, or the young, many of whom will withdraw from the labor market.

4. To implement the above three policies, the military production agencies should notify the War Production Board and the War Manpower Commission promptly of any schedule cuts (above a minimum size) which are under consideration, listing the contractors involved. The W. P. B. and the W. M. C.

should be given an opportunity to make recommendations and to comment upon any proposed distribution of cuts among contractors.

5. Contractors' claims upon termination of war contracts should be promptly and finally settled by negotiation with the contracting agencies.

B. Policies to define the post-war relation of Government to business:

1. Goods in Government possession should be promptly sold at competitive bidding after sufficient description of the goods to be offered has been made public. This will assist the prevention of inflation during the transition. It will also substitute a clear policy for what might otherwise be a major uncertainty.

2. Subject to existing options, Government-owned productive facilities not required for military production should be sold to the highest bidder after 6 months' notice. No facility should be sold to a firm which is found to control, directly or indirectly, more than 20 percent of the capacity in the industry in which the facility operates. Resale of facilities acquired from the Government to any such firm should be prohibited for a period of years.

3. Disposition of commodities and of facilities should each be centralized in a single agency. Policy in both programs should be formulated by a board representing the procurement and economic policy agencies of the Federal Government.

4. The wartime level of taxation should be retained to prevent a run-away inflation. The reform in the tax structure outlined below should be initiated in the transition period. A high level of taxes will facilitate the abolition of direct Government controls of prices and production.

5. Regulation of prices and distribution as typified by the functions of the O. P. A. and W. P. B. should end within 1 year after the termination of hostilities. Promptness in this respect will greatly influence business interpretation of the political environment in which it is to act. Fiscal and monetary measures should be prepared to restrain inflationary pressures which will develop upon elimination of direct controls.

Even during the transition period beginnings must be made on the development of political and economic institutions which will eliminate the closely related dangers of repeated economic fluctuations and of a continued low average level of economic activity—the dangers of cyclical fluctuations and of secular stagnation. The program to develop such institutions has six basic features:

A. Tax reform:

1. Surtax rates in the highest brackets should be reduced; the averaging of income over a period of years, say 5, for computation of income tax should be permitted; the tax-exemption privilege of Government bonds should be eliminated. These measures will all encourage the continued assumption of risk. They will reduce the artificial attractiveness of risk-free Government bonds to persons who are best able, and otherwise most likely, to assume risk. They will reduce the discrimination against risk-taking which is inherent in steeply rising surtax rates combined with the annual calculation of income for tax purposes.

2. Excise taxes should be abolished, except for a few, which are long-established on monopolistically controlled goods (e. g., cigarettes) and the rates of income tax in the middle brackets should be increased. This policy will contribute to increasing and stabilizing expenditure by reducing the tax burden in the lowest-income groups, where consumption is large and level in relation to income and by increasing the tax burden in the middle-income groups, where savings are relatively larger and where savings do not

easily flow into risky investment. Also, by placing chief reliance upon the income tax as a source of revenue, it will add to the automatic flexibility of tax receipts and tax liabilities with fluctuations in the national income.

3. Taxation of corporate profits as stockholders' income should be substituted for the corporate excess-profits and income taxes. (This will require allocation of all corporate earnings to stockholders, but not necessarily full distribution.) Such a step would eliminate the present discrimination of the tax system in favor of debt financing as against equity financing and would make the economic structure more willing to assume risks and better able to withstand fluctuations.

4. Existing tax loopholes should be closed to permit the desired revenue to be secured with lower, less repressive tax rates.

B. Present antimonopoly legislation must be vigorously enforced; the Antitrust Division of the Department of Justice should become one of the largest and most active branches of the Federal Government. Additional legislation will be necessary to prevent the development of gigantism by holding companies, interlocking stock ownership, and similar means. Drastic reduction of the tariff, which will be more feasible in the immediate post-war period than ever before in this century, will help restore competition in the American market.

The objectives of the antimonopoly program are threefold:

1. To prevent the price dislocations and unemployment which result from the monopolistic practice of maintaining prices at the expense of output when prices are declining.

2. To expand output and employment by stimulating the competitive flow of new capital, new enterprise, and new techniques into markets which are now monopolized.

3. To reduce the need or tendency of Government to intervene in production and prices as a means of counteracting monopoly, and thus to reduce the uncertainties and fears which repress private investment.

C. Government budgetary and monetary policy should be directed to stabilizing within narrow limits the movement of some general level of prices, such as the level of wholesale prices. This can be accomplished by operating at a deficit and relaxing credit when necessary to support the price level, and by converse action when necessary to restrain the rise of prices. The deficit should be created by a combination of increased expenditure and reduced taxes; the surplus should be created by the converse methods. It is important to recognize the role of adjusting taxes in this process. Government spending should be confined to functions in which Government operation is efficient and clearly preferable to private operation. This is a large sphere—including health and education—but it is not indefinitely expandable.

Elimination of fluctuations in the general level of prices will eliminate the major economic uncertainty which represses expenditure on durable goods and the major factor which magnifies business fluctuations and transmits them cumulatively throughout the economy. A precisely stated guide to budgetary policy is essential to realize the full advantages of eliminating uncertainty and to prevent public spending from expanding to levels which defeat the goal of encouraging private expenditures.

D. The unemployment-insurance system should be broadened in coverage, liberalized in benefits, and unified on a Federal basis. This will maintain consumers' expenditures when any unemployment appears, and reduce one of the chief uncertainties affecting consumption at all times.

E. The United States should support international arrangements for the settlement of

short-term balances of payments without precipitating financial crises or necessitating restrictions on the movement of funds. Such a policy, together with reduction of the tariff, would increase world economic and political stability, promote world trade, and stimulate United States investment abroad.

F. The basis for the successful operation of a free market economy within a political democracy is popular understanding of the proper and possible relations between free government and free business. The system cannot operate at high levels if the Government makes frequent incursions into the market mechanism in pursuit of the temporary or imagined interests of particular groups. The system will not operate at high levels if the Government neglects its responsibility to prevent monopoly and to stabilize the general level of prices. The only enduring safeguard against such incursions or such neglect is public alertness, foresight, and self-control. The development of such qualities is the great challenge to all who see that the high operation of a free, private, competitive economy is a necessary condition for the existence of political and personal liberties.

SIMPLIFICATION OF THE INDIVIDUAL INCOME TAX

The Senate resumed the consideration of the bill (H. R. 4646) to provide for the simplification of the individual income tax.

Mr. LANGER. Mr. President, I wish to call attention to page 4707 of the CONGRESSIONAL RECORD for yesterday. I said to the Senator from Georgia:

Mr. LANGER. Mr. President, is it the expectation of the Senator from Georgia to vote on the bill today?

Mr. GEORGE. Yes. I certainly hope we may do so.

Mr. LANGER. I do not know about other Senators, but I know that some of us have been busy with veterans' legislation in the Civil Service Committee, and have not had an opportunity to examine the bill. Could we not postpone the final vote until Monday so that we may have an opportunity to study the bill and familiarize ourselves with it?

Mr. President, I wish to make it clear that yesterday I was not filibustering in any sense of the word. It will be noted from the question which I asked the distinguished Senator that all I asked was that we debate the merits of the bill yesterday and postpone until Monday the final vote so that in the interim I could inform myself and other Senators could inform themselves as to whether we wished to vote in the affirmative or the negative.

Having read the bill into the RECORD so that the American people can see for themselves exactly what it was that we were asked to vote upon without having had the opportunity of studying the bill—the bill, I repeat, having been placed upon our desks only yesterday noon, and the request having been made about 1:30 o'clock in the afternoon—I again call attention to the fact that the report made by the distinguished Senator from Georgia on the individual income-tax bill of 1944 contains 54 pages. In other words, to explain a bill of 56 pages, which was designed to show us all about the simplification of taxes, required a report of 54 pages, printed in finer type than the bill itself is printed, the report being almost twice as long as the bill itself.

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It required 56 pages to show us what the bill contained and what the arguments were in favor of its passage.

Furthermore, there was placed upon our desks a pamphlet entitled "Comparison of the Internal Revenue Code Before and After Its Amendment by the Individual Income Tax Bill of 1944," as reported by the Finance Committee. This was submitted to us yesterday afternoon, and it contains 77 pages, being approximately four times as long as the bill itself.

Mr. President, I want the American people to know, if they read what is contained in the CONGRESSIONAL RECORD of yesterday, that in the report on the bill submitted by the Senator from Georgia, chairman of the Committee on Finance, and in the pamphlet entitled "Comparison of the Internal Revenue Code Before and After Its Amendment by the Individual Income Tax Bill of 1944," which is not contained in the RECORD, there is four times the amount of material than is found in the bill itself. If any citizen of this country desires to have me do so, and will write to me, I will send him the pamphlets to which I have referred. During the night I have had the opportunity to read and study the pamphlets, so that I now understand the situation pretty well. I believe I know how I wish to vote on the pending measure.

During the debate yesterday various subjects arose, and I wish to take a short time to digress to show the attitude of other Senators when other tax measures came before the Senate.

First of all, I wish to quote the distinguished senior Senator from Texas [Mr. CONNALLY]. He has been a Member of Congress for a long time. He first served as a Member of the House, and he has been a Member of the Senate for many years.

As I stated yesterday, the people of this country are not intimately acquainted with a complex problem such as taxation. As I stated yesterday, I do not pretend to know all about it. All I asked was sufficient time to inform myself so that I could vote intelligently. I did not wish to stop debate yesterday, and I so stated. The debate could have been completed. All I asked was that the final vote be postponed until Monday.

Mr. President, I believe I am perhaps as well informed on taxation matters as is the average Senator who is not a member of the Committee on Finance. That is necessarily so, because during the 4 years I was Attorney General, and during my 2 terms as governor, I of course familiarized myself with the question of taxation as it affected State matters.

When the measure involving the so-called Ruml plan—the one to which I did not agree—was before the Senate, the distinguished Senator from Texas [Mr. CONNALLY] took substantially the same position as I took. I now quote from a speech delivered by the distinguished senior Senator from Texas on May 12, 1943. The Senator from Texas then said:

Mr. President, as I suggested to the Senate, at the moment I am not as well prepared to discuss all the details of the pending measure

as I should like to be. For that reason I shall reserve some remarks until a later time in the discussion.

In other words, the Senator from Texas had been so busy with a multitude of duties that at the time the Ruml plan first came before the Senate he had not had the time to familiarize himself with the subject matter, just as I had not had time to familiarize myself with the pending bill.

The Senator from Texas continued:

However, I cannot resist the temptation, even at this early time in the debate, to contest some of the statements made by the distinguished Senator from Michigan [Mr. VANDENBERG] as to the philosophy and the justice implied in the pending measure.

Mr. President, today the United States Government has the heaviest bonded indebtedness it has ever had in its existence. Every dollar of that bonded indebtedness is a mortgage on the income, resources, and initiative of every citizen under our flag. Sometime, somewhere, out of the earnings of the people, that debt must be paid.

So it can be seen, Mr. President, what a tremendous responsibility rests upon the Members of the Senate when a bill comes before the Senate dealing with the complex problem of taxation.

The Senator from Texas continued, upon the occasion to which I have referred:

Today the demands upon the Treasury of the United States for the prosecution of the war day by day are greater than any demand that has ever been made legitimately upon the Treasury of the United States.

Yet, in the face of that situation, we have in the Senate of the United States a bill to give away—for that is what it means—\$9,000,000,000 which has already been assessed on the tax books of the United States and has been settled as a legitimate and lawful demand upon the taxpayers of the United States.

The Senator from Texas continued:

I find myself in a small minority. I am not in favor of remitting or "abating." That is the new word. That is a softened word. It is not giving away. It is not remitting. It is "abating." But, Mr. President, if we analyze "abating," "giving away," and any other expressions of that character under the microscope of the philologist, we find that they all mean the same thing. The Government is going to lose the money, and if it loses the money, somebody is going to get it.

It is said that we must place the collection of income taxes on a current basis. I may be ignorant—

In this connection I refer to the remarks of the distinguished Senator from Georgia [Mr. GEORGE] when he stated yesterday that I did not know what I was talking about. I acknowledged at that time that what he said was true, because I had not had time to study the bill. But I submit that when a distinguished Senator such as the senior Senator from Texas stands upon this floor and says that he has not had time to familiarize himself with a tax bill, as he said last year when he made his address from which I have been reading, there is some justification for my assertion that I am not familiar with the pending bill, inasmuch as I have not had time to study it.

The Senator from Texas further said:

I may be ignorant and apart from the currents of information, Mr. President, but we

have had the income-tax law in the United States since 1913, and until Mr. Ruml barged into the press and into the Committee on Finance I never heard any insistent demand from any source that we place the collection of income taxes on a current basis, and I have been here for about 25 years.

The demand is for payment of income taxes from current income. It is said that there are many small taxpayers who never have paid any income tax; that they have not been accustomed to making returns; that they are now making a great deal of money in war plants, and if we do not get their taxes in installments in advance, we will not collect them.

Mr. President, I have no objection to putting into effect at the earliest possible moment—on the 1st day of July, or June, or whenever it may be practicable—a deduction, policy, by which, from the income of every salaried man and every wage earner, there shall be deducted whatever is necessary in the way of taxes according to sensible estimates, in order to meet the tax bill when it is due. Let the taxpayer be credited in advance with those amounts, and when the tax-paying period comes it is only a matter of mathematics to say whether he owes the Government an additional amount or whether the Government has been overpaid.

But, under the pretext of taking care of those few almost inconsequential cases, I am not in favor of handing over to the great and powerful taxpayers in the United States \$9,000,000,000 which is due the Treasury of the United States. I will not do it under any pretext of that character.

We talk about discrimination. I am not in favor of discrimination. I am in favor of every citizen who owes the Government a debt paying it in full. Because we give some little fellow with a workingman's cap on his head \$5 is no reason why we should give \$500,000 to some other taxpayer whose income is regular over the years. That is the kind of discrimination which the bill embodies.

Mr. President, referring now to the pending measure, is it not true, as is contended in the report submitted by the distinguished chairman of the committee, that under the pending measure, if it is adopted, a man with an income of \$2,000, paying \$285 under the present law, will get only an additional amount of \$15 with which to make additional contributions, while a man with an income of \$80,000 will get an additional amount of \$3,000 to give away? In other words, \$2,500 which under the present law belongs to the United States Government would, under this bill be available for a taxpayer with an \$80,000 income to be used in the form of contributions in his own name and deducted from his income tax.

The Senator from Texas continued:

I do not wish to make any commitments at this time. I shall probably offer as a substitute for the Senate committee bill the original House Ways and Means Committee bill, known as the Doughton bill. If that fails, I shall reserve the right to vote for the least harmful measure—very likely the substitute offered by the Senator from Georgia [Mr. GEORGE]; but I want the Senate and the country to know that I am not in favor of any wholesale gift of taxes in this period of world crisis.

Note this, Mr. President:

It is said that the proposed abatement would not result in any loss to the Government, and that a taxpayer would pay in 1943 anyway. Let us see whether we would lose any money.

If the taxpayer pays his 1942 taxes, and also his 1943 taxes, the Government of the United States collects taxes for 2 years. If he pays only his 1943 taxes, and does not pay his 1942 taxes, the Government does not collect taxes for 2 years, and it will never collect the tax for the other year. In no event can we ever justify the abatement. We can soften the word all we please, grease it, perfume it, and bedeck it with flowers and oratorical metaphors, but it is still a gift. We cannot avoid that conclusion. If it is not a gift, why is anyone in favor of it? If it were not a gift, there would not be so much clamor for it. If it were not a gift Mr. Ruml would not be excited.

Think about Mr. Ruml. He wants the payment of his income tax to become current. Is he one of the wage earners who is so anxious to become current that he thinks we must deduct his income tax from his salary? Everyone knows who Mr. Ruml is. He is one of the heads of Macy & Co., and one of the officials of the Federal Reserve bank.

Mr. President, can you not picture Mr. Ruml being in such a fix that we must deduct a little something out of his pay envelope in order that the Government may collect income taxes from him?

I will admit that this is a tempting sort of thing. We are told that the Government will not lose a cent, that income-tax collections will be on a current basis, that we shall all be happy, and the Government will receive just as much money as it previously received.

The Senator from Texas said:

Mr. President, that is not true.

He continued:

I challenge anyone to bring the mathematicians and professors before us to demonstrate that a man can keep in his pocket \$600,000 which he owes to the Government, and that the Government will be none the worse off. If that can be demonstrated I will withdraw these remarks.

What does the bill do? I hold in my hand a table entitled "Amounts of tax cancellation at selected income levels, and total amount canceled for all taxpayers under different plans."

Under the bill as passed by the House a man with a \$2,000 income is forgiven \$140 in taxes, under the Ways and Means Committee bill \$100, under the 50-percent uniform cancellation he would be forgiven \$70, under the 75-percent plan he would be forgiven \$105, under the Senate committee bill he would be forgiven \$140. He would get it all back. Santa Claus is here. He is supposed to come on the 25th day of December each year, but, according to this bill, he will come every day during the year 1942. Every day in 1942 old Santa Claus will be coming around with a Government present and saying, "My dear sir, your income is a million dollars. It has been a million dollars all the time, but now, in order to place the payment of your income taxes on a current basis, I will give you \$600,000. [Laughter.] I am just going to make you a present of it because I want you current." I am informed I made a mistake. He is to be given \$854,000—\$854,000 to the man with a million-dollar income. His chauffeur is dodging taxes, and we have to place him on a current basis, so we will give the old man \$854,000 back, and get \$1.87 out of the chauffeur, through deductions. [Laughter.]

The Senator from Texas continued:

Let us take a man with a \$5,000 income. Under the bill as it passed the House he would be forgiven \$691. That is a pretty good dividend, is it not? It is a dividend on what? A dividend on dodging a year's taxes.

Under the Ways and Means Committee bill this taxpayer would be forgiven \$388. Under

the 50-percent deduction plan he would be forgiven \$373. Under the 75-percent plan—

I might say at this point, Mr. President, that that was the plan that was ultimately adopted by the Senate—

Under the 75-percent plan he would be forgiven \$560. But under the Senate committee bill he would be forgiven \$746 on a \$5,000 income.

So, Mr. President, because of the battle the Senator from Texas made upon the Senate floor the bill as it was finally passed forgave only 75 percent, and, instead of making a present of \$746 on a \$5,000 income, it made a present of only \$560.

Turning to page 4276 in volume 89, I find the Senator from Texas said:

Mr. President, if you had in your house a tenant who was paying you \$15 or \$25 or \$100 a month rent, if he should skip a month you would know it, would you not? If he should skip a month, and should not pay the rent, you would be out a month's rent—I care not whether he was paying on a current or any other basis.

I have a dollar bill here in my hand—the first one I have had for some time. [Laughter.] When that dollar bill goes into the Treasury of the United States it reduces the burden of the Treasury by a dollar. Mr. President, do you suppose there is anybody in the Treasury who gets out a microscope and tries to examine that dollar and see whether it is current or is not current? It is a dollar; it is an asset to the Treasury of the United States; it is worth a dollar; but when this bill proposes to forgive \$854,000 in one lump sum to a million-dollar taxpayer who does not come within the windfall provision, who is not a war profiteer, who has a steady income of a million dollars every year, the result would be to hand over to him for 1942 taxes which are already due, which are already assessed, and which in part have probably already been paid, \$854,000, and the Government would kiss that \$854,000 good-bye; it would never see it again.

Mr. President, we did pass the 75-percent forgiveness plan. How has it worked out? I hold in my hand a copy of the CONGRESSIONAL RECORD for March 3, 1944, and I refer to remarks made by myself under the heading in the RECORD, "War profits and profiteers." In part I said:

When the people of this country finally sift out the truth about this tax situation they will eventually learn, if they do not already know, that never in the history of this country have the wealthy made greater profits, more money after paying taxes. It will finally sink into the consciousness of the people that while their sons and daughters were bleeding and dying on the field of battle, the rich were getting richer and richer, and profits were going ever higher and higher, and when the people realize the truth, I feel certain they will arise en masse in support of the President who had the courage, the fortitude, and the duty to forcibly lead this fight in behalf of the people.

Further along on the same page I said:

Mr. President, I voted against this war—with HIRAM JOHNSON, I walked out of this Chamber rather than vote for a measure to send our youth to the slaughter on Europe's battlefields, just us two—but I kept my pledge to the farmers, laborers, and the people of North Dakota who relied upon my campaign pledge so to vote. But I have whole-

heartedly supported the President in this war once we got into it, and I agree with the President that the time to pay for this war is now while war profiteers are reaping billions—now while money is being made out of this war, and I support the President in his determination to protect the people's rights and to prevent the creation of thousands of millionaires out of the blood and sorrow of the American people.

I quoted at that time an article which appeared in the Washington Post that morning, and I desire to read it to the Senate once more because in the article concrete examples of war profiteering were given:

1. Jacobs Aircraft of Pennsylvania, which made no profit before the war, netted \$11,400,000 in 1942, of which \$3,000,000 was left after paying taxes.

2. General Cable of New York averaged \$850,000 profit before the war, but made \$19,400,000 in 1942.

3. Lima Locomotive Works, of Lima, Ohio, averaged \$60,000 in the base period before the war, but made \$10,000,000 in 1942.

4. Grumman Aircraft of Bethpage, Long Island, averaged \$540,000 profit before the war, but made \$22,500,000 in 1942.

5. Beech Aircraft, of Wichita, Kans., made no profit before the war but \$16,000,000 in 1942.

6. Bell Aircraft, of Buffalo, made \$43,800 before the war, but in 1942 its profits had multiplied 528 times, to \$23,000,000. Even after paying taxes it had a profit left of \$5,403,000.

7. Not merely war factories but textile companies made lush profits, too, as indicated by the American Woolen Co., which made no profit during the base period before the war, but knocked off an operating profit of \$36,574,000 in 1942.

8. Again Edward G. Budd, of Philadelphia, came in for a juicy profit. The Senator referred to for a time threatened to vote against renegotiation because he said the Budd people had been treated unfairly by the Navy. However, the Truman committee found that Budd had made a profit of \$18,650,000 in 1942, compared with \$350,000 before the war. Later the Budd company complained because the Navy insisted on renegotiating its profits down to \$3,796,000, even though this latter figure was 10 times its average profit before the war.

Now I resume quoting my own comments in my speech of March 3:

Mr. President, in the great Progressive newspaper published by the La Follettes in Wisconsin, I find, in the issue of February 28, page 7, a letter written by Mr. C. B. Ballard, of Appleton, Wis. In that letter it is stated that Mr. John B. Hawley, Jr., of the Northern Pump Co., Minneapolis, Minn., had a salary in 1939 of \$15,000. In 1940 his salary was \$35,000. For the year ending June 30, 1942, his salary was \$442,000.

Mr. President, every Senator on this floor will remember the occasion when the bill was before the Senate proposing to limit salaries, at the request of the President of the United States, to a net of \$25,000. The bill was not passed.

In this connection I wish to turn to the CONGRESSIONAL RECORD, for February 25, 1944, page 2057, and to quote from a speech I made on that occasion. I wish to quote from it because in that speech I referred to the attempt of the President of the United States to limit salaries, during the war only, to \$25,000 net. The President made it plain at that time that if the Government could take a boy away from a farmer and put him

in the Army, or take a boy away from an industry in which he was actively engaged and put him in the Army, at \$50 a month, surely a salary limitation of \$25,000 during the period of the war was a sacrifice which any patriotic American should be willing to make. Upon the occasion to which I have referred, I spoke as follows:

Mr. President, when the tax bill vetoed by the President was before this body, I voted for certain amendments which were for the people's rights, but I voted against the passage of the bill. It was my opinion then, as it is now, that that measure should not have been passed, and I most emphatically do not think the President deserved any censure for vetoing it.

The President takes an oath of office, and it is his duty to veto any measure which he conscientiously believes will be injurious to the people. I applaud his courage and his straightforwardness, especially when he so frankly stated the reasons for his veto.

Mr. President, in my opinion this body richly deserved every bit of censure leveled at it by the President. The Senate has not done its duty to the rank and file of the people of this country. The Senate has passed legislation preferring the rich and the wealthy to the poor and those of moderate means. I need cite only a few instances, and I cite them with regret.

Mr. President, at the last Democratic convention the platform unequivocally asked for votes on this plank in their platform:

To encourage investment in productive enterprise, the tax-exempt privileges of future Federal, State, and local bonds should be removed.

Mr. President, that promise was in the Democratic platform in 1940. Many of the Senators now on this floor campaigned upon that platform. I now read further from my speech of February 25:

Yet, Mr. President, although the hearings before the various committees showed that there were \$18,000,000,000 worth of tax-exempt securities extant, out of which one man alone has an income of \$5,000,000 a year clipping coupons, and that 20 others have an income of \$1,000,000 a year, when the Democrats upon this floor were called upon to nullify these future tax-exempt securities, what does the RECORD show happened? It shows that Senators elected upon the Democratic ticket, some elected to office by hanging onto the coattails of the President, refused to live up to the platform of their own party. I happen to be one of those humble folks who think that the planks of party platforms mean something, and should not be mere campaign oratory.

Again, Mr. President, after World War No. 1, in the Democratic platform of 1924 we find this plank:

"We favor a graduated tax upon incomes, so adjusted as to lay the burdens of government upon the taxpayers in proportion to the benefits they enjoy and their ability to pay. We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation."

I shall not read further at this time from what I said on that occasion, except that I stated, as appears at page 2057:

Mr. President, more millionaires have been and are continuing to be created as a result of this war than were created by World War No. 1. War profiteers have never been happier, and the people have never gotten a rawer deal in the history of this country. In my opinion, the kind of tax laws we have passed are shameful, unstatesmanlike, and abhorrent in a democracy, and the Presi-

dent was right in saying that this bill was one passed for the benefit of the greedy at the expense of the needy.

Mr. President, I now wish to quote from a speech made by another distinguished Senator upon this floor, a man who has been in the Senate for a long time, and whose father made a great record in the Senate before he was succeeded by his able son. I quote from the speech to show to the people of the country, Mr. President, how very difficult it is for a Senator who is not a member of the Senate Finance Committee to understand bills which come from that committee unless he has had an opportunity to read them, to read the report of the committee, and to confer with some experts who at least know something about the subject matter.

On the 5th of September 1941 the distinguished senior Senator from Wisconsin [Mr. LA FOLLETTE] said, as will be found on page 7367 of the RECORD:

Mr. President, I do not desire to interpose against the statement of the chairman of the committee, but I should like to make a general statement at this stage of the proceedings.

There are hundreds, if not thousands—

Mr. President, I wish to repeat the last statement:

There are hundreds, if not thousands, of technical amendments to the tax structure, many of which have considerable merit. When the bill was under consideration in the Ways and Means Committee, that committee took the position that they would not consider, no matter what their merit might be, any administrative amendments which did not bear directly upon the substantive changes contemplated by the bill under consideration.

The distinguished senior Senator from the State of Wisconsin received permission to have printed in the RECORD his individual minority views on the tax measure, which was adopted at that time over his protest, and I wish to say that I voted also with the distinguished Senator from Wisconsin in protesting against the adoption of that bill. I wish to read at this point from the minority views of the Senator from Wisconsin:

The pending revenue bill as reported to the Senate is a vicious assault on the rank-and-file taxpayer.

Here, Mr. President, we have a Senator speaking who has had a world of experience. In his minority views the Senator from Wisconsin continues:

It is inadequate, inequitable, and, in my opinion, indefensible. It conforms to no standards of justice or fairness. It "soaks" the poor while confirming, protecting, and entrenching the corporate wealth and power engendered by the defense program. It levies the major share of the costs of "all-out" defense on those who have the least property to protect and those who have the least ability to pay.

The bill is a hodgepodge of inconsistencies, with no underlying principle of taxation whatsoever, except that like many previous tax bills, it "plucks the goose that squawks the least." Unfortunately, the small individual taxpayer who will dig deep into his pockets to pay these bills has not made himself heard.

TAX YIELD INADEQUATE

Although the committee tax bill is the largest in our history, it is no answer to the

present urgent fiscal situation. The \$3,600,000,000 are hopelessly inadequate in the face of a fifty- or sixty-billion-dollar defense program, a \$49,000,000,000 national debt, and a probable deficit this fiscal year, over and above this tax bill, of more than \$10,000,000,000.

The proposed patchwork on the present faulty tax structure and the hiking of present rates are not a solution to the Government fiscal problems. It is not commonly appreciated that defense spending has created an extraordinary situation which must be met by extraordinary taxation not only as to degree of taxation but also as to kind of taxation.

Mr. President, having quoted from the remarks of the distinguished senior Senator from Wisconsin, I wish to call the attention of the Senate to an article which appeared in the *American Federationist*. The article was prepared by experts. I obtained consent to have it printed in the *Record* on the 3d of March 1944, a little more than 2 months ago. In my judgment this article forever answers the argument or the proposal that a Senator should not be given sufficient time to study a bill, when he only requests the time from Friday noon until Monday for that purpose, and does not care to stop the debate, but simply asks to be allowed to study the bill so that he may be prepared to vote intelligently on it on Monday.

Here is what is stated in the article by Mr. Nathan Robertson, which was published by the *American Federation of Labor* in its official magazine. I shall quote from the *American Federationist*, the official publication of the *American Federation of Labor*. The article shows that in 1917—that is, during World War No. 1—profits, after taxes, were \$7,700,000,000. In 1918 the net profits, after all taxes, amounted to \$4,500,000,000. In 1919 they amounted to \$6,900,000,000. In 1929, commonly conceded to be the most prosperous year in all our history, the net profits, after all taxes, amounted to \$8,100,000,000. In 1939, Mr. President, the net profits amounted to \$4,040,000,000. But last year, 1943, after paying all the high taxes about which we have heard so much, the corporations made more money than they ever made before in all history, for profits, after taxes, are estimated at \$8,550,000,000.

Mr. President, in my humble way I wish to do everything I possibly can to keep this country the great, fine land it was when our soldier boys left its shores to go across the water to fight for the American way of life. Not by a single vote of mine upon the floor of the Senate would I do anything to harm this country. It is because of that belief that I wish to be sure I understand a bill before I vote "yea" or "nay" upon it. I think that is a duty which falls upon every Senator on this floor.

Mr. President, in the tax bills which have been passed during the time I have been a Member of the Senate, what do we find? I quote further from the article appearing in the *American Federationist*:

When this war started, President Roosevelt promised that a new crop of war millionaires would not be permitted. He tried to carry out that pledge. But his tax proposals were slashed to pieces in Congress. The result is that it is happening again, even though most

newspapers don't mention the subject. The full extent to which it is happening again won't be known until long after the war is over. You can name your own figure now, but you can be sure the Nation will again be shocked.

One thing that has helped to fool the public this time is that, unlike the last war, dividends have not zoomed to new heights. The corporations are playing a cagey game with their profits. They know that big dividends and a speculative stock market would inflame the country. So they are holding on to their profits.

The result is that even many stockholders don't realize how much the corporations are making because their dividend checks, by and large, are about the same as before the war. As a matter of fact, dividend payments for all corporations are somewhat lower than they were in 1936 and 1937, and only slightly higher than in 1939.

But the dividends are no measure of profits. Only about half of the profits are being paid out in dividends. The lush stock bonuses will be held until after the war. How lush they will be can be seen from the fact that from 1941 to 1943, inclusive, undistributed profits of almost \$12,000,000,000 were piled up by the corporations. This is the melon the stockholders are waiting to divide after the war is over.

FIGURE IS DECEPTIVELY LOW

Actually, even this is a deceptively low figure. Some corporations are still losing money, and this is the net increase for all corporations, including the money losers. The money makers alone have piled up \$16,000,000,000 in the 3-year period, and about \$19,000,000,000 since 1939. The Securities and Exchange Commission recently reported that the corporations have \$3,000,000,000 in quick, liquid assets.

Some people find it hard to believe such astronomical figures in the face of a 90-percent excess-profits tax.

Mark you this, Mr. President:

But they don't know all the loopholes Congress has provided in that tax for the corporations. First of all, they get a 10-percent refund out of the 90-percent tax, so the net tax is only 81 percent.

But more important is the method Congress has provided for measuring the excess profits that are subject to the 81-percent tax. A corporation can choose either of two very lenient yardsticks for measuring its excess profits. That's a special little trick provided for the corporations which no other taxpayers enjoy. An individual has to pay what he is told to pay, but a corporation is given a choice.

If the corporation was making a lot of money before the war, as many companies were, it can use that volume of profits as the measure of its exemption from excess-profits taxes. Thus, if the corporation was making a profit of 30, 40, or even 100 percent on its invested capital, it can continue to do so today without paying any excess-profits tax. Many corporations are escaping their share of excess profits through this loophole.

On the other hand, if the corporation has a big invested capital as compared with its profits, it can measure its exemption on the basis of this invested capital. Many huge corporations, like the steel and railroad companies, have millions of dollars invested many years ago and long since thrown away on which they are entitled to collect profits now without paying excess-profits taxes. An investment trust which milked the public of \$100,000,000 and tossed it away on the stock market can earn a very high return on its real value today without paying excess-profits taxes by measuring its profits against the original investment of \$100,000,000 long since lost and forgotten. These are only the most

obvious of the loopholes. There are many more, and the tax lawyers are devising new ones every day.

I wish to repeat the last sentence in closing:

These are only the most obvious of the loopholes. There are many more, and the tax lawyers are devising new ones every day.

So, Mr. President, with the record which I have quoted, and which was made by the Senator from Texas [Mr. CONNALLY], by the distinguished senior Senator from Wisconsin [Mr. LA FOLLETTE] and by numerous other Senators who have fought some of the measures they did not agree with, and fought them honestly, and could fight them only because they were familiar with the subject matter, I submit that the request which I made yesterday courteously should have been granted. But inasmuch as it was not granted, and we occupied the time yesterday afternoon, and inasmuch as during the evening and this morning I had an opportunity to confer with various tax experts, one from the office of the Secretary of the Treasury, I now have the information about the bill which I desired.

In closing I simply wish to express my gratitude to the Treasury Department for its kindness in making available to me one of its tax experts so that I might understand this measure and what it proposes to do.

During the delivery of Mr. LANGER's speech:

Mr. O'DANIEL. Mr. President—

The PRESIDING OFFICER (Mr. JACKSON in the chair). Does the Senator from North Dakota yield to the Senator from Texas?

Mr. LANGER. I yield.

Mr. O'DANIEL. Mr. President, the tax bill now in effect and the tax bill now under consideration limit and restrict as an allowable deduction the amount of money our citizens may contribute to religious purposes from their incomes. It appears to me that this Nation has gone a long way on the highway to heathenism when this little group of men and women to whom has been given legislative powers attempts to set up rules which will limit and specify the percentage of the amount of earthly goods which our citizens may give to the work of the Lord out of the 100 percent which He gives unto them.

It seems to me that we have drifted so far into the realm of governmental philosophy that we have forgotten or laid aside most religious philosophy. We are ignoring the fact that God created this world and all that is in it, including man, and that next to God man is supreme. Through the brain and brawn of man God creates abundantly everything we need. Through man's decisions and actions government is established, but the establishment of government for the purposes outlined in our Constitution should not disturb the relationship between God and man. The work of the Lord must be carried on and it must be carried on differently in different ages of human activity. The goal is the same in all ages, but the methods change as civilization progresses.

Today under our greatly expanded commercial development the work of religion must be conducted in a different manner than in the days of old, and it requires much of what we call money to keep up the work of the Lord during this age. The correct amount of money to be devoted to the work of the Lord is something to be determined by each individual on the basis of his attitude toward religion, and the amount he is able to earn and save. It should never be governed by the attitude and philosophy of others, regardless of the legislative powers they temporarily possess. The work of the Lord must continue unabated, and be restricted only by the religious attitude and conscience of each individual, acting independent and free. Without doubt our Government is now an inanimate partner, and controlling partner at that, with each individual in this Nation. If this inanimate partner assumes to place itself above God by grabbing its take before man has settled with God in accordance with his own conscience for the gifts God has given him, we, as a people, may expect God to turn His face from us, even as we are turning our faces from Him.

It looks as if the tax bill now in effect and the one we are about to pass mean only crumbs for Christ from the abundant loaf. I am sorry about that. If I could have my way, I would permit every citizen of America to give to the work of the Lord from that which the Lord gives him, every dollar his conscience dictates, and then settle with his Government on the net amount of his crop, after paying the Supreme Landlord. I realize the importance of rushing the enactment of this simplification tax bill and the futility of attempting to amend it now in the manner I am suggesting, but I am expressing my convictions for whatever consideration my colleagues may care to give them. Another tax bill will be coming along soon and while it is being deliberated, I trust much thoughtful and prayerful consideration will be given to the suggestions I am making.

Mr. President, I thank the Senator from North Dakota for having yielded to me for the purpose of making this statement, and I ask unanimous consent that my statement may be placed at the end of the speech of the Senator from North Dakota, so as not to interrupt it.

The ACTING PRESIDENT pro tempore. Without objection, it is ordered.

Mr. LANGER. Mr. President, I may say to the distinguished junior Senator from Texas that the sentiments he has expressed in his speech are very beautiful, statesmanlike and Christian sentiments, and are of such a nature that I, coming from the great Northwest, join in them wholeheartedly. If an amendment so drawn as to accomplish the purposes for which the distinguished junior Senator from Texas is contending cannot be included in the pending tax bill, I hope such an amendment may be adopted in connection with the next tax bill which may be brought before Congress.

After the conclusion of Mr. LANGER'S speech,

The ACTING PRESIDENT pro tempore. The bill is before the Senate and open to further amendment.

Mr. LA FOLLETTE. Mr. President, have the committee amendments been disposed of?

The ACTING PRESIDENT pro tempore. The committee amendments have all been disposed of.

Mr. LA FOLLETTE. Mr. President, last Thursday, at the request of the Senator from Idaho [Mr. CLARK], I submitted an amendment and asked to have it printed and lie on the table. The Senator from Idaho intended to offer the amendment to the pending bill. He has since been informed of the action of the committee in voting not to consider amendments which were not germane to the objective of tax simplification, and wishes me to state that he will not have the amendment offered to this bill, but will await a later opportunity in connection with some other bill which originates in the House, to which the amendment may be germane.

Mr. GEORGE. Mr. President, the distinguished senior Senator from Nevada [Mr. McCARRAN] and the distinguished junior Senator from California [Mr. DOWNEY] had an amendment ready to offer and to urge, reducing the cabaret tax. After consideration those Senators have very kindly agreed to withhold their amendment to this bill, but will offer it later in connection with another bill which will be before the Senate in the course of the next week.

I wish to express my appreciation to the Senator from Nevada and the Senator from California for their consideration, because we were making the effort to confine this bill to the problem of simplification, which at best is a difficult problem. Although the bill contains certain features which we would like to have avoided, it does take a long step toward simplification and will ease the burdens of the individual taxpayers.

With respect to the amendment prepared and ready to be offered by the Senator from Nevada and the Senator from California, let me say that the Senate Finance Committee itself, when the cabaret tax was imposed, recommended a tax of only 20 percent. Also in the Senate an additional amendment was approved which exempted from the tax altogether soldiers and other servicemen in uniform. The Senate conferees insisted upon the action taken by the Senate on that tax, believing that the cabaret tax of 30 percent was entirely too high and would really result in a loss of revenue to the Treasury; but we were not able to prevail in conference. The House conferees stoutly insisted on carrying the tax up to 30 percent. I therefore express great sympathy with the amendment which the Senator from Nevada and the Senator from California have prepared and which they will offer at a later time.

Mr. President, yesterday I should have been happy to have postponed the final vote on the bill until Monday if it had seemed possible to do so in view of the calendar work ahead of us. We all know that we are driving toward a recess, and we have some very important legislation

which remains to be considered, some of which is not even on the calendar. There are appropriation bills, price-control legislation, and, most important, the bill which we must consider before we finally recess—if we are to take a recess—dealing with the human problems involved in the demobilization of war plants, to which the Senator from Michigan [Mr. VANDENBERG] has called our attention on previous occasions. We are now working upon that problem.

I do not undertake to recount the other legislative matters pressing; but if we had been facing an ordinary situation, I should not have objected to postponing consideration of this bill, because I realize that while it deals with only one problem, that of tax simplification, it necessarily is more or less technical, as all tax legislation is necessarily technical.

I do not wish the Senator from North Dakota to feel that I was discourteous to him at all, because that was not my motive. My purpose was merely to expedite consideration of the bill and get it out of the way so that we may move on to other necessary legislation next week. I assure the Senator that nothing that I said was intended as a personal offense to him, or as a discourtesy.

With that statement, I hope that we may now conclude consideration of the bill.

The ACTING PRESIDENT pro tempore. The bill is before the Senate and open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 4646) was read the third time and passed.

EXECUTIVE SESSION

Mr. GEORGE. I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MCKELLAR. I ask that the nominations of postmasters be confirmed en bloc, and that the President be immediately notified.

The ACTING PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc, and, without objection, the President will be notified forthwith.

RECESS TO TUESDAY

Mr. GEORGE. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Tuesday next.

The motion was agreed to; and (at 12 o'clock and 50 minutes p. m.) the Senate

took a recess until Tuesday, May 23, 1944, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 20 (legislative day of May 9), 1944:

POSTMASTERS MICHIGAN

Evelyn M. Potter, Dundee.
Bernice G. Closson, Freeport.

PENNSYLVANIA

Edward S. Diehl, Allentown.
Josephine Levi, Cuddy.
Sister Regina Francis, Immaculata.
Carmello R. Augustine, Keiser.

TENNESSEE

Homer E. Underwood, Farners.
Albert L. Shackelford, Oakville.
Effie R. Overturf, Palmer.
Roxie Pratt, Scotts Hill.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 22, 1944

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord, Thou who abidest with us forever, grant us a full measure of Thy life and love, of Thy peace and power. Help us to seek and cultivate that spirit which builds up manhood and makes us patient under burdens and hopeful under difficulties, avoiding false security which is our worst enemy. Hold us with the strength of a mighty faith in Thy providence, lest the priceless stock of human worth mortify, wither, and decay.

Almighty God, in this fateful hour a supreme challenge is at the door of America; keep us from that ease of existence which has no strong, courageous objective. Frown upon employer or employee who gives only feeble response to a sad, stricken humanity in the depths of its anguish and need. Come forth and cause weak wills and minds to stand against the contagion and lust for power which is appalling the world. Rouse our land to the highest pitch of loyalty that there may be no compromise in our determination to destroy the scorns and hatreds which have come through these plodding years. Where oppression is draping its victims in rags, grant that the heavy tread of war shall soon crumble and blessed peace and lasting hope be restored to all men. We ask it as a disciple of our Lord and Saviour. Amen.

The Journal of the proceedings of Friday, May 19, 1944, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 12, 1944:

H. J. Res. 271. Joint resolution making an additional appropriation for the fiscal year 1944 for emergency maternity and infant care for wives of enlisted men in the armed forces.

On May 17, 1944:

H. R. 4254. An act to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended.

On May 18, 1944:

H. R. 3261. An act to amend the act of April 29, 1943, to authorize the return to private ownership of Great Lakes vessels and vessels of 1,000 gross tons or less, and for other purposes.

On May 20, 1944:

H. R. 1565. An act relating to the appointment of postmasters; and

H. J. Res. 280. Joint resolution to provide assistance to farmers whose property was destroyed or damaged, in whole or in part, by floods and windstorms in 1944, in order to enable them to continue farming operations to produce food for the war effort.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4414. An act making appropriations for the legislative branch and for the judiciary for the fiscal year ending June 30, 1945, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. OVERTON, Mr. TRUMAN, Mr. GREEN, Mr. MALONEY, Mr. BRIDGES, and Mr. BURTON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4646. An act to provide for simplification of the individual income tax.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 254. An act for the relief of Edward Gillam.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1758) entitled "An act to amend section 451 of the Tariff Act of 1930, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GERRY, Mr. CONNALLY, Mr. GEORGE, Mr. VANDENBERG, and Mr. TATE to be the conferees on the part of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program and following any special orders heretofore entered, the gentleman from New Jersey [Mr. McLEAN] may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

ERADICATION OF CERTAIN ANIMAL AND PLANT PESTS AND DISEASES

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent that the conference report on H. R. 4278, an act to provide for the control and eradication of certain animal and plant pests and diseases, to facilitate cooperation with the States in fire control, to provide for the more efficient protection and management of the national forests, to facilitate the carrying out of agricultural conservation and related agricultural programs, to facilitate the operation of the Farm Credit Administration and the Rural Electrification Administration, to aid in the orderly marketing of agricultural commodities, and for other purposes, be recommitted to the committee of conference.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

SELECT COMMITTEE TO INVESTIGATE SMALL BUSINESS PROGRAM

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit a privileged resolution (H. Res. 556) and ask for its immediate consideration.

The Clerk read as follows:

Resolution providing the further expenses of conducting the study and investigation authorized by House Resolution 294 of the Seventy-seventh Congress and continued by House Resolution 18 of the Seventy-eighth Congress.

Resolved, That the further expenses of conducting the study and investigation authorized by House Resolution 294 of the Seventy-seventh Congress and continued by House Resolution 18 of the Seventy-eighth Congress, incurred by the select committee appointed to study and investigate the national defense program in its relation to small business in the United States, acting as a whole or by subcommittee, not to exceed \$25,000 additional, including expenditures for the employment of experts, investigators, attorneys, clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or any subcommittee thereof conducting such investigation, signed by the chairman of the committee, and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

Mr. COCHRAN. Mr. Speaker, the gentleman from Texas [Mr. PATMAN], who is chairman of the Select Committee on Small Business, as well as other members and employees of the committee, appeared before the Committee on Accounts and furnished information in reference to the past activities as well as future plans of the Small Business Committee.

The Select Committee on Small Business has received \$67,500 to date. It was organized in 1941, and on the basis of past expenditures they have been spend-